The Commission tentatively concludes that it should preempt state and local authority over terms and conditions of interconnection with the public switched telephone network, but refrain from preempting state ratemaking for interconnection. 81/ NTIA supports the Commission's proposals in this area.

NTIA believes that a national interconnection right for PCS providers is necessary to promote the growth and development of the PCS market, by enabling PCS providers to render more useful and widespread services. PCS will develop its full potential to benefit the public only if it is assured the right to interoperate with the public switched network. NTIA agrees with the Commission that it should not dictate the terms and conditions for such interconnection, however, as it is preferable to allow LECs to negotiate in good faith with PCS licensees arrangements that are appropriate for their particular circumstances.

In contrast to our discussion in the preceding section, NTIA believes that it would be appropriate for the Commission to preempt state and local authority over the terms and conditions

^{80/ (...}continued from preceeding page)
from conventional cellular service, NTIA believes that the
Commission's cellular interconnection decisions should not
automatically apply to all PCS services. To the extent that
some PCS offerings may be close substitutes of cellular
service, however, we believe that similar policies should
apply to both cellular and PCS licensees.

^{81/} Id. at 5715, para. 103.

of interconnection now. Such preemption would be lawful under Louisiana because this is an area where it is not possible to separate the interstate and intrastate components of regulation, nor is it feasible for differing federal and state regulatory regimes to coexist. The equipment that a PCS provider would use to interconnect with the public switched telephone network would be used inseparably and interchangeably for both intrastate and interstate communications. Short of requiring dual switches for interconnection -- one for intrastate traffic and the other for interstate traffic -- it simply would not be possible to regulate interconnection one way under the federal jurisdiction and another way under the state jurisdiction. Because it would not be economically feasible to require PCS providers to maintain dual switches, one or the other of the regulatory regimes of necessity must yield. In this situation, Louisiana recognizes that the federal regulation can have preemptive effect.

While the Commission should exert exclusive jurisdiction over the terms and conditions of PCS interconnection with the public switched telephone network, the actual costs and charges for that interconnection can be separated into federal and state components. Rates for interconnection could therefore be regulated by the two jurisdictions in a manner similar to the current Part 36 separations process. 82/ We therefore support the

^{82/ 47} C.F.R. § 36.1 et seq. (1991).

Commission's decision not to preempt state or local regulation of rates for interconnection at this time.

V. CONCLUSION.

NTIA supports the Commission's efforts to establish an appropriate regulatory framework so that PCS can become a reality in the United States. Accordingly, NTIA respectfully requests that the Commission adopt the recommendations contained in its comments in this proceeding.

Respectfully submitted,

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November 9, 1992

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